Executive Registry
77-3780/1

Public Affairs
16 ... 77

9 May 1977

10 MAY 1977

MEMORANDUM FOR: Director of Central Intelligence

FROM : Herbert E. Hetu
Assistant to the Director (Public Affairs)

SUBJECT : Dinner with President of Time, Inc.

1. You and Mrs. Turner will dine with Mr. and Mrs. James R. Shepley at 7:30 p.m., Monday, 9 May in Suite 416 of the Watergate Hotel. Others in attendance will be Mr. and Mrs. Barry Zorthian and Mr. and Mrs. H. E. Hetu (Peggy and I).

2. Attached is some miscellaneous biographical information on Shepley and background on Time, Inc.

3. Other information:

a. Shepley: He has a long interest in the military and intelligence. Had his beginnings as a UPI correspondent in Pennsylvania. Worked his way up the Time, Inc. chain through Life, Fortune and Time magazines. Took a leave of absence to work on Nixon's campaign in 1960. He wrote the article in Life magazine which established the term BRINKSMANSHIP. He has been the publisher of both Fortune and Time. Has held present position since 1969. He and his wife (his second -- but has been married to her for some 20 years) love Washington and spend a great deal of time here. He wants very much to become involved in some way in the activity here in Washington -- particularly something having to do with the military or intelligence. I'm sure he would have wanted to be a member of the PFIAB. He would be a prime candidate for some advisory role -- perhaps he's the one who should put something together to look into the matter of the "Media and Classified Information -- Individual Responsibility or Criminal Penalties".

b. Zorthian: A long-time government public affairs person. Well liked and highly respected. Was the Minister-Counselor of Information at the U.S. Mission in Saigon from February 1964 to July 1967. Hosted the daily "Five O'Clock Follies" (daily press brief in Saigon) with skill and good humor. Has been Vice President/Government Affairs of Time, Inc. since 1969.

ST

Herbert E. Hetu

Enc.

25X1

18 Apr 75

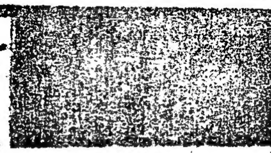
1975 № 148-75- 06 1975

Notes on People

SEPARATE FRAMES

Byrd Says Wallace Best Articulates the 'Disconten[t] of Millions

MAY 28. 51:1



The Senate's second-ranking Democratic leader, Robert C. Byrd of West Virginia, told a party breakfast in Illinois yesterday that Gov. George C. Wallace of Alabama, more than any other public figure, "articulates the dissatisfaction and discontent that millions feel."

United Press International

Senator Robert C. Byrd playing fiddle at breakfast in Springfield, Ill.

Accordingly, Senator Byrd said, Democrats must include in their Presidential plans next year "a strong element of protest against things as they have been in government." Praising President Ford's handling of the Mayagüez affair, Senator Byrd said the contrast was "inescapable" with the inaction" of President Johnson in the Pueblo crisis of 1968. "It just might be a turning point for Mr. Ford," he said, "and Democrats should recognize that fact."

MAY 28 • 51:2

James R. Shepley, president of Time Inc., is scheduled to be flown here today from Mobile, Ala., to enter St. Luke's Hospital following a "slight" stroke, a company spokesman said yesterday. The 57-year-old former correspondent, who lives in Sands Point, L.I., collapsed Saturday while waiting to play tennis at the annual gathering of the Conquistadores del Cielo, a social group of aviation leaders at a Gulf Shores resort.

To help offset the losses on his West German tour, Frank Sinatra paid the organizers $85,000 yesterday, his concert agency said in Frankfort. Discouraging crowds in Munich and Frankfurt resulted in the cancellation of Monday's concert in West Berlin.

MAY 28 • 51:3

It was "a big surprise" to the guests at a party here a couple of months ago when Diahann Carroll, the 39-year-old actress and entertainer, was escorted by Robert De Leon, 26, managing editor of Jet magazine in Chicago and former reporter for Newsday. Mr. DeLeon, a native of Oakland, Calif., and a graduate of Morehouse University in Atlanta, met Miss Carroll while doing a story about her soon after his divorce four months ago.

With only a handful of guests, the two were married Sunday in St. Paul's Chapel at Columbia University. The double-ring ceremony was performed by the Rev. Thaddeus Garrett, a special assistant to Vice President Rockefeller and former staff assistant to Representative Shirley Chisholm of Brooklyn. John H. Johnson of Chicago, publisher of Jet and Ebony magazines, was best man.

It was the third marriage for the Bronx-born graduate of the High School of the Performing Arts, who is now negotiating concerning a television movie based on the life of Josephine Baker.

MAY 28 • 51:4

As "a professional life-risker," Evel Knievel said in a London hospital yesterday, he was speaking prematurely Sunday when he told a crowd he would never jump again. But there was no word about what might follow his motorcycle jump over 13 double-decker buses, in which he broke his pelvis, vertebrae and hand.

•

After minor surgery yesterday for a small skin cancer on his left arm, Clarence M. Kelley, director of the Federal Bureau of Investigation was expected to be released from a Kansas City hospital in a few days.

MAY 28 • 51:5

Carrying out a long family tradition but trying it out discreetly in his parents' absence at Windsor Castle, Prince Charles flew into London yesterday wearing a beard. His father, Prince Philip, wore a beard during his naval service, and King George V and King Edward VII were both bearded. At Heathrow Airport, where that heir to the throne arrived after Navy duty as a helicopter pilot, a worker stopped, stared at the beard and then said, "It's thickening up nicely."

MAY 28 • 51:6

The resignation of John D. J. Moore, Ambassador to Ireland, was accepted by President Ford yesterday. The Ambassador, whose home is in Short Hills, N.J., was a New York lawyer and later vice president of W. R. Grace & Co. His wife, Mary, died in Dublin in January.

•

While the Secretary of State was in Paris yesterday on his 52d birthday, Nancy Kissinger bought an eight-week-old Labrador retriever. The yellow male puppy, which cost $200 at Tudorlab Kennels in Atco, N. J., is named Tudorlab Tyler—so far.

LAURIE JOHNSTON

Prof. David Randall Dies at [...] Rare-Book Librarian at Ind[...]

MAY 28 — 44:2

David A. Randall, professor of bibliography at Indiana University and librarian of its Lilly Library of Rare Books, died Sunday. He was 70 years old and lived in Bloomington, Ind.

David A. Rand[...]

Professor Randall studied mining engineering at Lehigh University and had enrolled in Harvard Law School. He was just about to take his law examination when his interest in rare books got the better of him.

In his final year at law school, he once wrote, he spent most of his time in the Widener Library or in attendance at George Parker Winship's course in bibliography.

For 20 years, prior to 1956, when he became associated with Indiana University, he was head of the rare-book department of Scribner's.

That year Josiah Kirby Lilly Jr. decided to give his huge rare-book collection, valued at about $5-million, to the university, and Mr. Lilly recommended Professor Randall as curator.

Among his acquisitions for the library were an authentic copy of the missing memoirs of King James II of England and one of three copies of the Gutenberg Bible known to be in private hands.

Acquiring rare books for Professor Randall had its light-[...]

he would never for[...] dered into Scribner's [...] with a Shakespeare fo[...] he asked her how [...] wanted for it, she [...] just want a new cl[...] court." Nor did she [...] check big enough to [...] his court.

44

She wanted Profe[...] dall to employ a co[...] company and handle [...] tails himself.

"I bought her h[...] court, she gave me [...] and everybody was h[...] said.

Professor Randall [...] by his widow, the [...]

Aug 22, 1969

1969 1969 № 234-69-12 1969

Time Inc. Reorganizes High-Level Management

Heiskell, Already Chairman, Named Chief Executive— Linen Resigns a Post

By HENRY RAYMONT

Andrew Heiskell was named chief executive officer of Time Inc. yesterday in a major administrative reorganization that followed the resignation of James A. Linen as the company's president.

Mr. Linen, who suffered an attack of gout last spring, asked to be relieved of his executive duties because of his recent illness.

During a luncheon meeting at the Time & Life Building, the board of directors also elected James R. Shepley publisher of Time magazine, to succeed Mr. Linen. In addition, the board created three new executive vice presidencies and made seven other high corporate appointments.

Mr. Heiskell, who at 53 years of age is already chairman of the board, has been part of the triumvirate that ruled the giant publishing corporation since the death of its founder, Henry R. Luce, in March, 1967. The other members were Mr. Linen and Hedley Donovan, who remains as editor in chief of all Time Inc. publications.

Andrew Heiskell

James A. Linen

James R. Shepley

Arthur W. Keylor

Bernhard M. Auer

Rhett Austell

Title Is Revived

His new title of chief executive officer—bestowed for the first time since Mr. Luce's death —suggested that Mr. Heiskell would head the company's management team while Mr. Donovan would retain full responsibility for editorial operations.

"I suppose you might say we are now a duumvirate," Mr. Heiskell said in an interview. "Hedley and I continue as partners, and Jim Shepley will have three executive vice presidents reporting to him, creating a new level of management.

"When a corporation reaches our level of growth and complexity, it requires this kind of change in structure. It will give us a better opportunity to control and manage our operation."

The changes come at a time when the $550-million-a-year publishing company is struggling to overcome the financial difficulties of the magazine industry and other adverse economic factors that have sharply depressed its stock.

Announced in Memorandum

The administrative overhaul —the biggest at Time Inc. since the sweeping personnel shifts in 1960 that moved younger men into high administrative posts — was announced in a memorandum signed by both Mr. Heiskell and Mr. Donovan.

The memorandum said the board had accepted Mr. Linen's resignation "with regret for the circumstances and a deep appreciation for the job he has done as president since 1960."

Mr. Linen, who is 57, will serve as chairman of the company's executive committee. The committee is responsible for approving all major corporate decisions, such as acquisition of new properties or expansion of present ones. He replaces Roy E. Larsen, who was elected vice chairman of the board of directors.

Henry Luce 3d, a son of the corporation's founder and publisher of Fortune since April, 1968, was named to succeed Mr. Shepley as publisher of Time magazine. The appointment thus restored the Luce name to the direction of the weekly that has been the cornerstone of the publishing empire since 1926.

Tradition Continues

"It's great to see the Luce name nailed to the flagship again," a senior editor of Time magazine said yesterday. "Time was always the one his father most closely identified with and we're happy to be continuing in his tradition."

The three new executive vice presidents are all high-ranking officers of various divisions of the diversified corporation that also publishes Life, Sports Illustrated and a wide range of books and sells graphic-arts services, educational materials and paper and paper products.

The new executive vice presidents are Bernhard M. Auer, formerly senior vice president, who will be Mr. Shepley's deputy for magazine publishing, Arthur W. Keylor, formerly group vice president, who will direct production and distribution operations of all publishing divisions, and Rhett Austell, vice president and formerly publisher of Time-Life Books, who will be responsible for book, record and film production.

Other appointments listed in the memorandum were:

¶Putney Westerfield, now assistant publisher of Life, becomes publisher of Fortune.

¶Walter Rohrer, associate publisher of Time-Life Books, succeeds Mr. Austell as publisher of that division.

¶Weston Pullen, a vice president, will become assistant to Mr. Heiskell.

¶Barry Zorthian, executive vice president of Time-Life Broadcast, becomes president of that division and a vice president of Time Inc.

¶Ralph Davidson moves up from assistant publisher to associate publisher of Time.

In discussing the reorganization yesterday, Time Inc. executives sought to dispel any impression that the changes might have been prompted by the dismay caused among stockholders when the company disclosed at its annual meeting last April that it had a net operating loss of $300,-000 in the first ... year.

"This is real... an administrati... create a more ... ture of man... Heiskell said ... thinking and ... for quite a wh... pened new ... illness. But we ... changes in what ...

Stock Has ...

Time Inc. sto... ated, mostly d... year between ... and a low of ... the stock close... York Stock Exc... up 2⅛.

Circulation ... magazines, Tim... Illustrated and ... risen steadily ... records. But ... declined. Life ... other general-... zines, has been ... inroads of ot... media.

So far this ... run 1,326.5 pag... ... in 22 issues, ... 1,613.72 pages ... the 1968 period. ... executives have ... ... for the ... this year.

While the ... profitable, the... porfits have be... number of non... tures that Time ... taken in recent ...

The General ... poration, a join... the General Ele... in computerized ... tems, and Selling... ing, Inc., a Time ... viding compute... to the food tra... to make profits.

Time Inc. als... paper loss in ... in 315,000 sha... Goldwyn-Mayer, ... was estimated ... last spring at $5...

Profits Up i...

Profits this ... proved since Ti... its operating lo... quarter. For ... months of this ... pany reported ...

TIME INCORPORATED

CAPITAL STRUCTURE

LONG TERM DEBT

Issue	Rating	[5]Amount Outstanding	Times Charges Earned 1975	Times Charges Earned 1974	Interest Dates	Call Price	Price Range 1975	Price Range 1974
1. 7⅞% notes, due 1986	Aa	[3]$50,000,000	8.37	9.33	J&J15	[4]100	[3]-----	[3]-----
2. Term loans, 7⅓%, due 1977-80	----	36,000,000			--------	-----	-------	-------
3. Notes & mortgages notes, 1976-98	----	67,976,000			--------	-----	-------	-------

CAPITAL STOCK

Issue	Par Value	Amount Outstanding	[1]Earned per Sh. 1975	[1]Earned per Sh. 1974	Divs. per Sh. 1975	Divs. per Sh. 1974	Call Price	Price Range 1975	Price Range 1974
1. Common	$1	[1]9,975,000 shs.	$4.52	$5.01	$2.00	$2.00	-----	63 - 24¾	41½- 24

[1]Based on avg. shs., as reported by Co. [3]Issued in Jan. 1976. [4]Beginning Jan. 15, 1983. [5]Excluding current portion.

HISTORY

Incorporated in New York Nov. 28, 1922.

Time, Inc. formerly controlled Time-Fortune Corp., Rogers and Manson Corp., March of Time, Inc., and March of Time Distributors Corp.; these subsidiaries have been dissolved and their operations taken over by the parent company. Acquired the Literary Digest magazine in May, 1938, and merged it with "Time."

In 1945 acquired Bryant Paper Co., Maine Seaboard Paper Co., Bucksport Water and Hennepin Paper Co. (companies sold to St. Regis Paper Co. in Nov. 1946). In Dec. 1945 acquired 2639 Corp., sold to Webb & Knapp in July 1950. In Feb. 1945 acquired Michigan Square Building Corp., dissolved in Dec. 1953 and operations taken over by parent company.

In June 1952 acquired entire stock of Albuquerque Broadcasting Co., licensee of radio station KOB and television station KOB-TV; subsequently sold one-half interest to Wayne Coy; in May 1957 Time Inc. and Coy sold all interests for $1,500,000 cash to KSTP, Inc., Minneapolis-St. Paul.

In June, 1953, company acquired 80% of common stock of Intermountain Broadcasting & Television Corp. of Salt Lake City licensee of stations KDYL, KDYL-FM and KTVT. Sold Dec. 1959 for $2,100,000 and net quick assets to Columbia Pictures Corp.

In July, 1954, company acquired entire outstanding stock of Aladdin Radio & Television, Inc., licensee of radio stations KLZ and KLZ-FM and television station KLZ-TV in Denver.

In 1955, company liquidated investment in Houston Oil Co. of Texas. As part of plan of liquidation, company acquired Houston Oil's investment in affiliate East Texas Pulp & Paper Co. (50% common stock—company now owns 100%—and $3,311,300 of subordinated notes) and caused East Texas Pulp & Paper Co. to acquire 100% of stock of Southwestern Settlement & Development Corp., which owned 660,000 acres of timberland (exclusive of mineral rights) in southeast Texas and which had been a principal supplier of pulpwood to East Texas. Aggregate purchase price of approximately $35,000,000 was financed by $13,615,000 net proceeds (after taxes) from liquidation of Houston Oil investment, $15,750,000 of additional bank borrowing by East Texas and approximately $635,000 from the funds of East Texas. After purchases were completed on June 6, 1956, Southwestern was liquidated into East Texas and is operated as a division of East Texas. Liquidation of investment in Houston Oil Co. resulted in capital gain of $15,113,700 after taxes. In 1965, the name of the subsidiary was changed to Eastex Incorporated.

On May 22, 1957, company acquired for $15,955,000 radio and television properties of Consolidated Television & Radio Broadcasters, Inc., which operated WFBM and WFBM-TV, Indianapolis, WTCN and WTCN-TV, Minneapolis, and WOOD and WOOD-TV, Grand Rapids.

In Mar., 1962 company acquired KOGO Broadcasting Corp., San Diego for $6,125,000 and on Apr. 30, 1962 Silver Burdett Co. for 45,000 shares.

In 1964, acquired KERO-TV for $1,565,000, an ultra high frequency station in Bakersfield, Calif.

In Oct. 1964, sold WTCN and WTCN-TV, Minneapolis, for $4,400,000.

In Jan. 1966 Co. formed General Learning Corp. a joint venture with General Electric Co. to create and market educational materials systems and services. Co. contributed Silver Burdett Co. (acq. in 1962) and General Electric Co. contributed $18,750,000 in cash.

In Nov., 1966 acquired New York Graphic Society, Inc. for 45,000 common shares.

Also in 1966 acquired minority interests in Editions Robert Laffont, a French book publisher and Organizacion Editorial Novaro, Mexico.

In Jan. 1968 acquired Little, Brown & Co., book publishers, for 170,000 common shares.

In May 1969, acquired Pioneer Publishing Co. and in Sept., Lloyd Hollister, Inc., publishers of 26 weekly and semiweekly newspapers with combined circulation of 180,000 subscribers in Chicago suburbs.

In 1969, also acquired Peter M. Robeck & Co. Distributor of television and educational films for 13,500 [illegible] Society dissolved in 1975 and The Book Find Club dissolved in 1975 were acquired for cash, and a subsidiary, New York Graphic Society Ltd., acquired Alva Museum Repli-

In Oct. 1971, acquired Haverhill's, Inc., San Francisco, and two affiliated cos. in exchange for 17,988 com. shs. (dissolved in 1975).

On June 1, 1972 sold television stations KLZ, Denver; KOGO, San Diego; KERO, Bakersfield, Cal. and WFBM, Indianapolis to McGraw-Hill Inc. for $57,200,000 cash and notes.

In 1971 sold AM radio broadcasting property in San Diego and in 1972, sold radio properties in Denver, Grand Rapids and Indianapolis.

In Dec. 1972, Co. suspended publication of Life Magazine.

In Jan. 1973, combined Time-Life Films, Time-Life Video and Time-Life Education to form subsidiary, Time-Life Films, Inc.

On Aug. 16, 1973 acquired Temple Industries, Inc. for 3,082,000 common shares, now operated as Temple-Eastex Inc.

In Feb. 1973 Co. and Sterling Communications Inc. (50.8% owned by Co.) (see Moody's OTC Industrial Manual) formed Home Box Office, Inc. to provide live sports events and feature movies to cable TV subscribers.

In Sept. 1973 Co. in a transaction that was essentially an acquisition of minority interests, acquired Sterling Communications Inc. which it now operates as Manhattan Cable Television Inc. and Home Box Office Inc.

In Sept. 1974 sold its 50% interest in General Learning Corp. to Scott, Foresman & Co. for cash and notes.

In 1975 sold 60% of its investment in Metro-Goldwyn Mayer Inc.

In Jan. 1976 sold the business and assets of Printing Developments, Inc., except for the color scanning services, for cash and securities.

In Jan. 1976, also sold Time Tele-Marketing, Inc. for cash and notes.

Subsidiaries

Time Canada Ltd.
Time-Life International (Nederland) B.V.
Time-Life International (Australia) Pty. Ltd.
Time-Life International de Mexico, S.A.
Time-Life Educational Systems Co. Ltd.
Time-Life Tosho Hambai Kabushiki Kaisha
Time-Life International (New Zealand) Ltd.
Time-Life Films, Inc.
Time-Life Libraries, Inc.
Fourth Berry Street Corp.
Little, Brown and Co. (Inc.)
New York Graphic Society Ltd.
Pioneer Press Inc.
Temple-Eastex Inc.
Printing Developments, Inc.
Rayco Realty Co.
Selling Areas-Marketing, Inc.
541 Fairbanks Corp.
Manhattan Cable Television, Inc.
Home Box Office, Inc.
HBO Studio Productions, Inc.
Time Distribution Services, Inc.

BUSINESS & PRODUCTS

The Company's principal lines of business are: publishing magazines, books, recordings and related products ("Publishing"); production of pulp and paperboard and building materials ("Forest Products"); sale of products and services to the graphic arts industry, marketing of information relating to the movement of grocery products, newspaper publishing, TV broadcasting, film production and distribution, manufacturing furniture and beverage cases and commercial and industrial contracting ("Other Operations"); and operations of urban cable TV and pay TV ("Developmental Activities").

Publishing

Magazines: Publishes TIME, a weekly news magazine; SPORTS ILLUSTRATED, a weekly sports magazine; FORTUNE, a monthly magazine on economic and business developments; MONEY, a monthly magazine on personal and family financial management; and PEOPLE, which begun publishing in Mar. 1974, a national weekly that focuses on individual personalities.

There are five weekly international editions of TIME which are printed and distributed overseas, in Canada, Latin America, Europe, Asia, and the South Pacific (Australia and New Zealand).

Book Publishing: Publishes TIME-LIFE BOOKS, which emphasizes a series of vol[illegible] interest and appeal, are published in English and 26 foreign languages and are sold largely through direct mail solicitation.

Time-Life Records produces and distributes

Little, Brown & Co. publishes trade book[s], legal and medical books and college tex[t] books.

New York Graphic Society Ltd. publishe[s] fine art reproductions.

Forest Products

Paper and Paperboard: Company produce[s] coated and uncoated paper and paperboar[d] bleached linerboard and market pulp use[d] for folding cartons, bakery board, bleache[d] bags, paper plates, disposable cups and othe[r] packaging products; and through its su[b]sidiaries, also makes a limited amount [of] packaging products.

Building Materials: Company manufactur[es] building materials, including pine lumbe[r] fiberboard, particleboard, plywood, gypsu[m] wallboard and decorative wall paneling.

Other Operations

Company provides products and services [to] the graphic arts industry; markets inform[a]tion relating to the movement of groce[ry] products; publishes weekly newspaper[s]; owns an NBC-TV affiliate (WOTV, Gra[nd] Rapids, Michigan); engages in commerci[al] and industrial contracting; manufactur[es] furniture, furniture parts and wooden beve[r]age cases; and engages in mortgage bankin[g] land development, the operation and rent[al] of real property and certain related insu[r]ance activities thru Lumbermans' Investme[nt] Corp., an unconsolidated subsidiary.

Developmental Activities

Company operates a cable TV system [in] New York City and owns Home Box Offi[ce] (HBO), a pay TV network, which provid[es] programming to cable television syster[ms] nation-wide.

Revenues by Line of Business, years end[ed] Dec. 31 (in millions of dollars):

	1975	19
Publishing	531.0	47
Forest products	257.6	24
Other operations	105.9	9
Devel. activities	16.2	
Total	910.7	82

PROPERTIES

Principal manufacturing facilities and [of]fices of Company are located as follows:

New York	Michigan
Texas (3)	Louisiana
Illinois	California
Georgia	France
Arkansas	Netherlands
Tennessee (3)	England
Mississippi	Japan

MANAGEMENT

Officers

Andrew Heiskell, Chairman & Chief Ex[ecutive] Officer
R. E. Larsen, Vice-Chairman
J. R. Shepley, President & Chief Oper. Off.
C. B. Bear, Group Vice-Pres. & Sec.
A. W. Keylor, Group Vice-President
Arthur Temple, Group Vice-Pres.
Joan D. Manley, Group Vice-Pres.
J. R. Munro, Group Vice-Pres.
R. B. McKeough, Vice-President, Fin.

Vice-Presidents

D. M. Wilson	F. Hammack
R. P. Davidson	B. L. Paisner
R. P. Fisler	E. G. Perle
C. L. Gleason, Jr.	H. D. Schutz
C. J. Grum	I. R. Slagter
J. Denman, Jr.	R. M. Steed
P. S. Hopkins	K. F. Sutton
G. M. Levin	A. H. Thornhill, Jr.
Henry Luce, III	Garry Valk
J. A. Meyers	J. A. Watters
N. J. Nicholas	Barry Zorthian

W. E. Bishop, Comptroller & Asst. Sec.
E. P. Lenahan, Treas.
J. W. Fowlkes, Asst. Treasurer
Olga Curcio, Asst. Treas.
K. L. Dolan, Asst. Comptroller
P. P. Sheppe, Asst. Secretary
E. F. Farro, Asst. Comptroller

Directors

Andrew Heiskell	A. W. Keylor
Roy E. Larsen	J. A. Linen
Hedley Donovan	S. M. Linowitz
[illegible] Jr.	Henry Luce, III
Alexander Heard	Frank Pace, Jr.
Matina Horner	Rawleigh Warner, J[r.]
J. R. Shepley	Arthur Temple
R. B. McKeough	Robert Keeler

77-3780

16 March 1977

MEMORANDUM FOR: Director of Central Intelligence

FROM : Andrew T. Falkiewicz
Assistant to the Director

SUBJECT : Your Dinner Meeting with Time Magazine

Please note that the Time lunch has now become the Time dinner.

Place: Washington bureau of Time, third floor, 888 16th St. (just north of Lafayette Park)

Date and Time: Thursday, 17 March at 7:30 p.m.

We will provide the guest list as soon as we receive it from Time Inc. The senior Time representative will be Editor-in-Chief, Hedley Donovan. Unfortunately, Hugh Sidey, the Washington bureau chief, will be out of town and unable to attend. Others will be drawn from both New York and Washington offices.

Ground Rules: This will be strictly a background session, an opportunity to get acquainted, to discuss some topics perhaps in depth without the inhibitions of an on-the-record interview. There will be no recording and, I am told, not even notes will be taken. Donovan and his colleagues will undoubtedly get some ideas for the kind of stories they might want to develop in the future.

The session should be lively and brief. I am sure you can plan on being out by 9:30 p.m. Since you are scheduled for a Congressional visit at the end of the day, I will plan to make my way to 888 16th St. independently and be there when you arrive.

ST

Andrew T. Falkiewicz

Public Affairs

Central Intelligence Agency
Washington, D.C. 20505
(703) 351-7676

Herbert E. Hetu
Assistant for Public Affairs

5-9-79

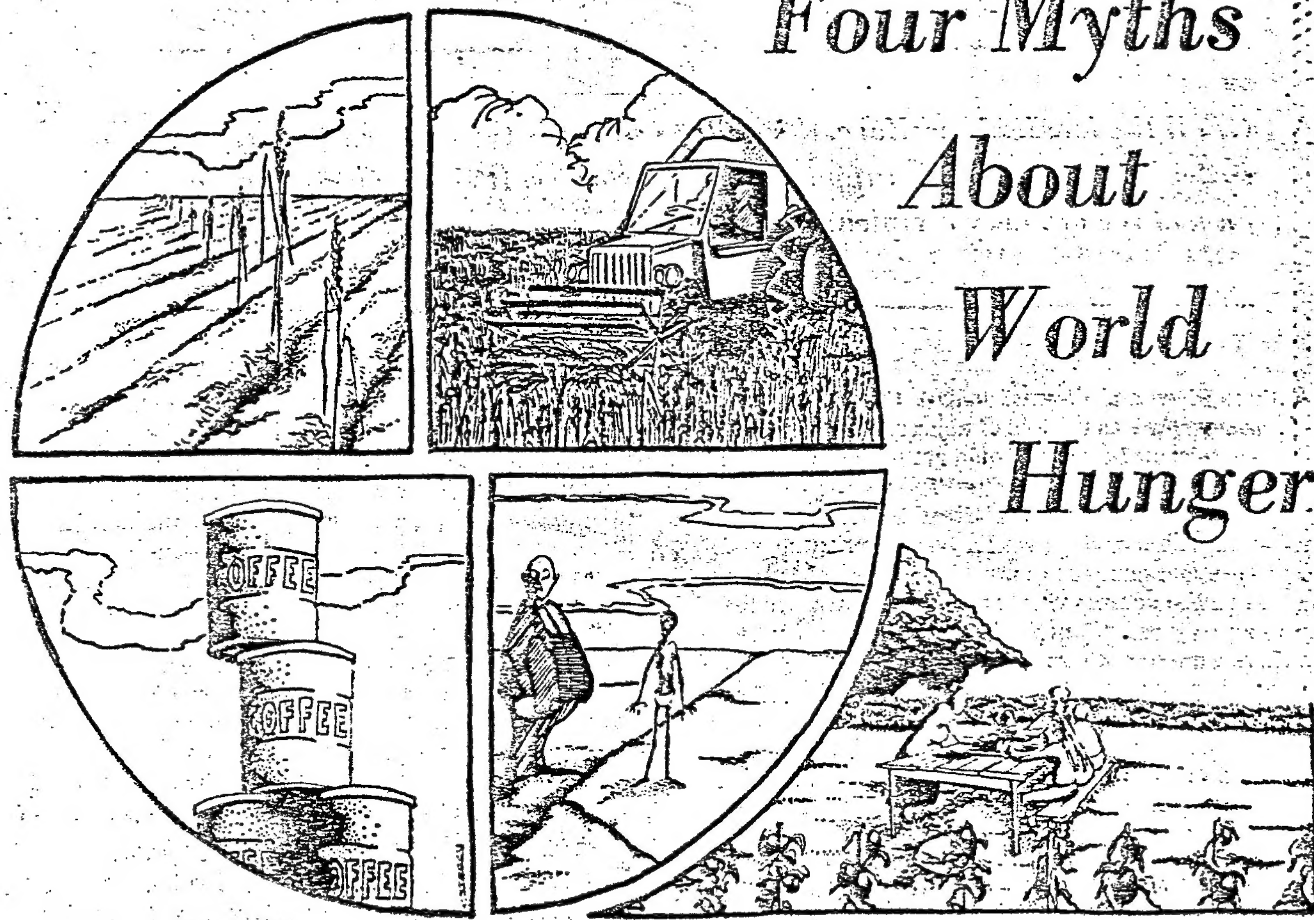
Admiral -

Per your request —

TAT

ARTICLE APPEARED ON PAGE C-1
THE WASHINGTON POST/OUTLOOK

Four Myths About World Hunger



By Chuck Steacy for The Washington Post

By Frances Moore Lappé and Joseph Collins

LEARNING often begins with unlearning. Several years' research on world food problems has helped us see through four pervasive myths that keep most Americans paralyzed by guilt and fear. These myths prevented us from grasping how hunger is generated and that basic food self-reliance is possible for every country in the world.

MYTH ONE: People are hungry because of scarcity — both of food and of agricultural resources. They are hungry because populations exceed the limited amount of food-producing resources.

CAN SCARCITY seriously be considered the cause of hunger when even in the "food crisis" of the early 1970s there was plenty to go around — enough in grains alone to provide everyone with 3,000 calories a day and ample protein?

Such global estimates mean little, we are told; what matters is the food available for each person in the "hungry countries." We found, however, that in countries accounting for 86 per cent of the total population of the underdeveloped world, food production has kept pace with and often exceeded the growth in population during the last 20 years.

[redacted]

The writers are co-directors of the Institute for Food and Development Policy in San Francisco and co-authors of "Food First," to be published next month by Houghton Mifflin.

The very countries that most of us think of as food-deficient and import-dependent are themselves major agricultural exporters. Forty per cent of all agricultural imports into the United States, itself one of the world's top three agricultural importers, come from countries of supposed scarcity. In 1973, 36 of the 40 nations classified by the United Nations as being most seriously affected by inflated world food prices actually exported agricultural goods to the United States.

Agricultural exports from the Sahelian countries dramatically increased during the early 1970s, in the face of drought and widespread hunger. Still, a U.N. Food and Agriculture Organization survey, squelched by displeased aid-seeking governments, documented that every Sahelian country, with the possible exception of mineral-rich Mauritania, actually produced enough grain to feed its total population, even during the worst drought year. So, while many went hungry, it was not because of scarcity of agricultural production or even of food.

And what of land scarcity? Several authoritative studies agree that only 44 per cent of the world's cultivable land is actually being cropped. Many landowners who hold land as an investment, not as a source of their food, leave vast amounts unplanted. In Colombia the largest landholders, in control of 70 per cent of the agricultural land, planted only 6 per cent in 1960. But it was in assessing *what* is grown that we came to understand the true magnitude of the waste of land needed by hungry people. In Central American and Caribbean countries, where as many as 70 per cent of the children are undernourished, at least half of the agricultural land, often the best land, is made to produce crops for export, not food for the local people.

If "too many people" were the cause of hunger, we should expect to find more hungry people in countries with greater density of people per agricultural acre. We can find no such correlation. In China, for example, 80 per cent more people live from each cultivated acre than in India. Yet today, in what was once called the "land of famine," no one starves. Country-by-country investigations, even of the so-called basket cases like Bangladesh, led us to believe that in fact there may well be no country without adequate agricultural resources to feed its population.

Neither the size of today's population nor population growth is now the cause of hunger. But it is self-evident that continuing to grow at current rates would seriously undercut the future well-being of all of us. This self-evident truth should add even greater urgency to the search for the *real* causes of rapid population growth. And these causes — the insecurity and poverty of the majority caused by the monopolization of food resources by the few — are the same as the real causes of hunger.

◆

MYTH TWO: The solution to the hunger problem is to produce more food.

DIAGNOSING the cause of hunger as scarcity inevitably leads to thinking that greater production itself will solve the problem. Thus, for at least 30 years, governments, international agencies and multinational corporations have promoted greater production through "modernization" —

lizers, pesticides, machinery and the seeds that give higher yields if they receive such inputs.

But when a new agricultural technology enters a system shot through with inequalities, it profits only those who already have some combination of land, money, credit "worthiness" and political influence. This fact alone has excluded most rural people and all the world's hungry.

Once agriculture becomes a speculative investment in which sheer control of the basic inputs ensures financial success, a catastrophic chain of events is set into motion. Competition for land sends land values soaring. Higher rents drive tenants and sharecroppers into the ranks of the landless who now make up the majority in many countries. With their increased profits, the powerful buy out small farmers. Large commercial operators, taking advantage of government credits and subsidies, mechanize to avoid labor "management problems." Many made landless by the production focus, finding ever fewer agricultural jobs, join the hopeless search for work in urban areas.

To be cut out of production is to be cut out of consumption. The observation of a 36-cent-a-day agricultural laborer in Bihar, India, confirms this truth: "If you don't own any land, you never get enough to eat, even if the land is producing well."

Indeed, in many countries more food per person is being produced, yet many are more hungry. This is not a theoretical point. Study after study around the world documents a consistent pattern: the retrogression of much of the rural population even as production advances. One extensive, just completed study of seven Asian countries containing 70 per cent of the rural population of the non-socialist underdeveloped world concludes that "the increase in poverty [of 20 to 80 per cent of the rural population] has been associated not with a fall but with a rise in cereal production per head."

Ignoring the social roots of hunger and focusing instead on production increases has taken us backward, not forward. The real obstacle to people feeding themselves is that they do not have control over productive resources. People who know they control their resources will, through their ingenuity and labor, make them ever more productive. The Chinese experience shows that people are a country's most underutilized resource. Human energy, properly motivated and organized, has transformed deserts into granaries.

The reality is that democratic redistribution of control over agricultural resources has historically been shown to result in dramatic production advances in countries as different as Japan, Taiwan, China and Egypt; moreover, it is the *only* guarantee that the hungry will eat.

◆

MYTH THREE: An underdeveloped country's best hope for development is to export crops in which it has a natural advantage and use the earnings to import

con

THERE IS nothing natural about concentrating on a few, largely low-nutrition crops. The same land that grows cocoa, tea and sugar could grow an incredible diversity of nutritious crops. Nor is there any advantage. Reliance on a limited number of crops generates economic as well as political vulnerability.

Among the many flaws in the natural advantage theory, the most serious is that the people who benefit from the foreign exchange earned by the agricultural exports are not the people who work to produce those exported crops and who need food. Even when part of the foreign exchange earned is used to import food, it is generally not the needed staples but items to satisfy the tastes of the better-off urban classes. In Senegal, the choice land is used to grow peanuts and vegetables for export to Europe. Much of the foreign exchange earned is spent to import wheat for foreign-owned mills that turn out flour for French-style bread for the urban dwellers.

Indeed, the very success of export agriculture can further undermine the welfare of the poor. When world commodity prices go up, self-provisioning farmers may be pushed off the land by cash crop producers seeking to profit on the higher commodity prices. An increase in the world price of a commodity can actually mean less income for the plantation worker or the peasant producer. When the price of sugar on the world market increased several-fold a few years ago, the real wage of a cane cutter in the Dominican Republic actually fell to less than it was 19 years earlier. A nominal increase in the wage of the cane cutter did not compensate for the inflation set off by the sugar boom.

Governments fixated on agricultural exports suppress labor reforms they believe would make their exports uncompetitive. Furthermore, in countries such as the Philippines, governments exempt land producing for export from land reform, and thereby not only maintain the poverty of the rural landless but further undercut food production as growers shift to export crops to avoid redistribution.

By contrast, food self-reliant policies would measure success in terms of the welfare of the people, not export income. Food self-reliance is not isolationist. But trade would become an organic outgrowth of development, not the fragile hinge on which survival hangs. Clearly, no country can hope to "win" in international trade as long as its people's very survival depends on selling one or two products. Once the basic needs are being met, however, trade will no longer be at the cost of the food well-being of the people, as evidenced by countries such as Cuba and China.

◆

MYTH FOUR: Hunger is a contest between the Rich World and the Poor World.

TERMS LIKE "hungry world" and "poor world" make us think of uniformly hungry masses, while in reality hunger afflicts the lower rungs in both so-called developed and underdeveloped countries. Worse still, the "rich world" versus "poor world" scenario makes the hungry appear as a threat to the majority in countries like our own. In truth, however, the problems of the hungry will never be addressed until the majority in the United States can see that the hungry abroad are their allies, not their enemies.

The poor majority in underdeveloped countries and ordinary Americans are linked through a common threat: the tightening of control over the most basic human need — food — both within countries and on a global scale. The very process of increasing concentration of control over land and all other productive resources that we have identified as a direct cause of hunger in underdeveloped countries is going on right here at home. Only 5.5 per cent of all farms in the United States have come to operate over one-half of all land in farms. The resulting landlessness and joblessness in rural America are at the root of much of the persistent hunger in the midst of agricultural bounty. In food manufacturing, the top four firms in any given food line control, on the average, over half of the market. In 1972, the Federal Trade Commission staff calculated that such oligopolies in 13 food lines cost consumers $2.1 billion in overcharges. For the 1 out of 10 Americans who must spend 69 per cent of all income on food, such inflated prices mean undernutrition.

Many of these same oligopolistic corporations are now expanding their operations into underdeveloped countries. Multinational agribusiness is busily creating a Global Farm to serve a Global Supermarket. Finding production sites in underdeveloped countries, where land and labor can cost as little as 10 per cent of stateside costs, large food corporations are shifting production of high-value items — vegetables, fruits, flowers and meat — out of the industrial countries. They find ready partners in foreign elites who, given the increasing impoverishment of much of the local population, face a stagnated internal market for their production.

In the Global Supermarket the poorest in the Philippines, Colombia and Senegal must reach for food on the same shelf as hundreds of millions of consumers around the world. Every item has a price and that price is determined by what the Global Supermarket's better-off customers are willing to pay. And the sad reality is that even Fido and Felix in countries like the United States can outbid the world's hungry. Consumers in the industrial countries unwittingly become a suction force, diverting food resources in the underdeveloped countries away from local needs.

And the significance for us? In our country, farmers and workers are losing their jobs as agribusiness roams abroad. The United States imports annually between $9 billion and $10 billion in agricultural products, two-thirds of which compete directly with what farms grow here. Moreover, a Global Farm gives the U.S. government further rationale for supporting political and economic structures abroad that block hungry people from growing food for themselves. Nor should we conclude that consumers here get cheaper food. Studies show that lower production costs for food oligopolies on foreign soil do not get passed on to consumers.

The Global Supermarket is the type of interdependence no one needs. "Interdependence" in a world of extreme power inequalities becomes a smokescreen for the usurpation of food resources by the few for the few.

SENDER WILL CHECK CLASSIFICATION TOP AND BOTTOM

	UNCLASSIFIED		CONFIDENTIAL		SECRET

OFFICIAL ROUTING SLIP

TO	NAME AND ADDRESS	DATE	INITIALS
1	DCI		
2			
3			
4			
5			
6			

	ACTION		DIRECT REPLY		PREPARE REPLY
	APPROVAL		DISPATCH		RECOMMENDATION
	COMMENT		FILE		RETURN
	CONCURRENCE		INFORMATION		SIGNATURE

Remarks:

FOLD HERE TO RETURN TO SENDER

FROM: NAME, ADDRESS AND PHONE NO.	DATE

	UNCLASSIFIED		CONFIDENTIAL		SECRET

FORM NO. 237 Use previous editions (40)

Public Affairs
3 May 77

Executive Registry
77-1288/A

ILLEGIB

7 May 77

Dear Zygmunt:

I consider my visit "postponed" and look forward to the opportunity to be with the Council at some future date, so please try me early in 1978 as you suggest.

Thank you for your kind words and best wishes. This is going to be a challenging job, but I am looking forward to it.

Yours,

/S/

STANSFIELD TURNER
Admiral, U.S. Navy

Mr. Zygmunt Nagorski
Director
The Thomas J. Watson Meetings
Council on Foreign Relations, Inc.
The Harold Pratt House
58 East 68th Street
New York, New York 10021

EXECUTIVE REGISTRY FILE Pub Affairs